

1 AMENDMENT TO HOUSE BILL 89

2 AMENDMENT NO. _____. Amend House Bill 89 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The State Finance Act is amended by adding
5 Section 5.595 as follows:

6 (30 ILCS 105/5.595 new)

7 Sec. 5.595. The Debt Collection Fund.

8 Section 10. The Illinois State Collection Act of 1986 is
9 amended by changing Sections 2, 4, 5, 6, 7, and 8 and adding
10 Section 10 as follows:

11 (30 ILCS 210/2) (from Ch. 15, par. 152)

12 Sec. 2. This Act applies to all accounts or claims owed
13 to "State agencies", as that term is defined in the Illinois
14 State Auditing Act, except that the debt collection and
15 write-off provisions of this Act shall not apply to the
16 Illinois State Scholarship Commission in the administration
17 of its student loan programs. To the extent that some other
18 statute prescribes procedures for collection of particular
19 types of accounts or claims owed to State agencies in
20 conflict with the provisions of this Act, such other statute

1 shall continue in full force and effect. The debt collection
2 and write-off provisions of this Act may be utilized by the
3 General Assembly, the Supreme Court and the several courts of
4 this State, and the constitutionally elected State Officers,
5 at their discretion, except that Section 10 applies to all
6 State agencies unless otherwise specified in that Section.
7 However reporting requirements established by the comptroller
8 shall be followed by all State agencies. The provisions of
9 this Act shall be utilized at all times by all departments,
10 agencies, divisions, and offices under the jurisdiction of
11 the Governor.

12 (Source: P.A. 85-814.)

13 (30 ILCS 210/4) (from Ch. 15, par. 154)

14 Sec. 4. (a) The Comptroller shall provide by rule
15 appropriate procedures for State agencies to follow in
16 establishing and recording within the State accounting system
17 records of amounts owed to the State of Illinois. The rules
18 of the Comptroller shall include, but are not limited to:

19 (1) the manner by which State agencies shall recognize
20 debts;

21 (2) systems to age accounts receivable of State
22 agencies;

23 (3) standards by which State agencies' claims may be
24 entered and removed from the Comptroller's Offset System
25 authorized by Section 10.05 of the State Comptroller Act;

26 (4) accounting procedures for estimating the amount of
27 uncollectible receivables of State agencies; and

28 (5) accounting procedures for writing off bad debts and
29 uncollectible claims, subject to the requirement of Section
30 10 that debts more than 90 days overdue be turned over to the
31 Debt Collection Unit of the Department of Revenue.

32 (b) State agencies shall report to the Comptroller
33 information concerning their accounts receivable and

1 uncollectible claims in accordance with the rules of the
2 Comptroller, which may provide for summary reporting.

3 (c) The rules of the Comptroller authorized by this
4 Section may specify varying procedures and forms of reporting
5 dependent upon the nature and amount of the account
6 receivable or uncollectible claim, the age of the debt, the
7 probability of collection and such other factors that will
8 increase the net benefit to the State of the collection
9 effort.

10 (d) The Comptroller shall report annually by March 14,
11 to the Governor and the General Assembly, the amount of all
12 delinquent debt owed to each State agency as of December 31
13 of the previous calendar year.

14 (Source: P.A. 86-515.)

15 (30 ILCS 210/5) (from Ch. 15, par. 155)

16 Sec. 5. Rules; payment plans; offsets.

17 (a) State agencies shall adopt rules establishing formal
18 due dates for amounts owing to the State and, until July 1,
19 2004, for the referral of seriously past due accounts to
20 private collection agencies, unless otherwise expressly
21 provided by law or rule. Such procedures shall be
22 established in accord with sound business practices.

23 (b) Until July 1, 2004, agencies may enter deferred
24 payment plans for debtors of the agency and documentation of
25 this fact retained by the agency, where the deferred payment
26 plan is likely to increase the net amount collected by the
27 State.

28 (c) State agencies may use the Comptroller's Offset
29 System provided in Section 10.05 of the State Comptroller Act
30 for the collection of debts owed to the agency. Until July
31 1, 2004, all debts that exceed \$1,000 and are more than 90
32 days past due shall be placed in the Comptroller's Offset
33 System, unless the State agency shall have entered into a

1 deferred payment plan or demonstrates to the Comptroller's
2 satisfaction that referral for offset is not cost effective.

3 (d) State agencies shall develop internal procedures
4 whereby agency initiated payments to its debtors may be
5 offset without referral to the Comptroller's Offset System.

6 (e) State agencies or the Comptroller may remove claims
7 from the Comptroller's Offset System, where such claims have
8 been inactive for more than one year.

9 (f) State agencies may use the Comptroller's Offset
10 System to determine if any State agency is attempting to
11 collect debt from a contractor, bidder, or other proposed
12 contracting party.

13 (g) Beginning July 1, 2004, State agencies other than
14 universities shall determine that a debt is uncollectible in
15 accordance with rules adopted by the Department of Revenue
16 under Section 10 and shall turn over to the Debt Collection
17 Unit of the Department of Revenue any debt that is more than
18 90 days overdue to the State. Beginning July 1, 2004,
19 universities may determine that a debt is uncollectible in
20 accordance with rules adopted by the Department of Revenue
21 under Section 10 and may turn over to the Debt Collection
22 Unit of the Department of Revenue any debt that is more than
23 90 days overdue to the State. The Department of Revenue is
24 exempt from this subsection with regard to debts the
25 confidentiality of which the Department of Revenue is
26 required by law to maintain. The Department of Public Aid is
27 exempt from the requirements of this subsection with regard
28 to child support debts, the collection of which is governed
29 by the requirements of Title IV, Part D of the federal Social
30 Security Act. The Department of Public Aid may refer child
31 support debts more than 90 days overdue to the State to the
32 Unit. In the event a child support debt is referred to the
33 Unit, the Unit must use any appropriate means for collection
34 of the debt that are normally available to the Unit under

1 State law. The debt, however, remains an obligation owed
2 under the Department of Public Aid's Child Support
3 Enforcement Program subject to the requirements of Title IV,
4 Part D of the federal Social Security Act, including the
5 continued use of federally mandated enforcement remedies and
6 techniques by the Department of Public Aid.

7 (Source: P.A. 92-404, eff. 7-1-02.)

8 (30 ILCS 210/6) (from Ch. 15, par. 156)

9 Sec. 6. The Comptroller with the approval of the
10 Governor may provide by rule and regulation for the creation
11 of a special fund or funds for the deposit of designated
12 receipts by designated agencies to be known as the Accounts
13 Receivable Fund or Funds. Deposits shall be segregated by
14 the creditor agency. No deposit shall be made unless the
15 collection is of an account receivable more than 120 days
16 past due.

17 Seventy-five percent of the amounts deposited each
18 quarter into such a special fund shall be transferred to the
19 General Revenue Fund or such other fund that would have
20 originally received the receipts. The remaining amounts may
21 be used by the creditor agency for collecting overdue
22 accounts pursuant to appropriation by the General Assembly.

23 An agency, with the approval of the Comptroller, may
24 deposit all receipts into the General Revenue Fund or other
25 such fund that would have originally received the receipts.
26 Twenty-five percent of such deposits made each quarter for
27 accounts receivable more than 120 days past due shall be
28 transferred to the Accounts Receivable Fund or Funds. The
29 transferred amounts may be used by the creditor agency for
30 collecting overdue accounts pursuant to appropriation by the
31 General Assembly.

32 In determining the types of receipts to be deposited
33 pursuant to this Section the Comptroller and the Governor

1 shall consider the following factors:

2 (1) The percentage of such receipts estimated to be
3 uncollectible by the creditor agency;

4 (2) The percentage of such receipts certified as
5 uncollectible by the Attorney General;

6 (3) The potential increase in future receipts, as
7 estimated by the creditor agency, if 25% of amounts collected
8 are retained for collection efforts;

9 (4) The impact of the retention of 25% of receipts on
10 the relevant fund balances; and

11 (5) Such other factors as the Comptroller and the
12 Governor deem relevant.

13 This Section shall not apply to the Department of Revenue
14 nor the Department of Employment Security.

15 This Section is repealed July 1, 2004. On that date any
16 moneys in the Accounts Receivable Funds created under this
17 Section shall be transferred into the General Revenue Fund.

18 (Source: P.A. 86-194.)

19 (30 ILCS 210/7) (from Ch. 15, par. 157)

20 Sec. 7. Upon agreement of the Attorney General, the Debt
21 Collection Unit agencies may contract for legal assistance in
22 collecting past due accounts. In--addition,--agencies--may
23 contract--for--collection-assistance-where-such-assistance-is
24 determined-by-the-agency-to-be-in-the-best-economic--interest
25 of--the--State.---Agencies-may-utilize-monies-in-the-Accounts
26 Receivable--Fund--to--pay--for--such--legal--and--collection
27 assistance;--provided,--however,--that--no--more--than-20%-of
28 collections-on-an-account--may--be--paid--from--the--Accounts
29 Receivable--Fund--as--compensation--for--legal-and-collection
30 assistance-on-that-account.---If--the--amount--available--for
31 expenditure-from-the-Accounts-Receivable-Fund-is-insufficient
32 to--pay--the-cost-of-such-services,--the-difference,--up-to-40%
33 of-the-total-collections-per-account,--may-be-paid-from--other

1 ~~monies-which-may-be-available-to-the-Agency-~~

2 Any contract entered into under this Section before the
3 effective date of this amendatory Act of the 93rd General
4 Assembly shall remain valid but may not be renewed.

5 (Source: P.A. 85-814.)

6 (30 ILCS 210/8) (from Ch. 15, par. 158)

7 Sec. 8. Debt Collection Board. There is created a Debt
8 Collection Board consisting of the Director of Central
9 Management Services as chairman, the State Comptroller, and
10 the Attorney General, or their respective designees. The
11 Board shall establish a centralized collections service to
12 undertake further collection efforts on delinquent accounts
13 or claims of the State which have not been collected through
14 the reasonable efforts of the respective State agencies.
15 The Board shall promulgate rules and regulations pursuant to
16 the Illinois Administrative Procedure Act with regard to the
17 establishment of timetables and the assumption of
18 responsibility for agency accounts receivable that have not
19 been collected by the agency, are not subject to a current
20 repayment plan, or have not been certified as uncollectible
21 as of the date specified by the Board. The Board shall make
22 a final evaluation of those accounts and either (i) direct or
23 conduct further collection activities when further collection
24 efforts are in the best economic interest of the State or
25 (ii) in accordance with Section 2 of the Uncollected State
26 Claims Act, certify the receivable as uncollectible or submit
27 the account to the Attorney General for that certification.

28 The Board is empowered to adopt rules and regulations
29 subject to the provisions of the Illinois Administrative
30 Procedure Act.

31 The Board is empowered to enter into one or more
32 contracts with outside vendors with demonstrated capabilities
33 in the area of account collection. The contracts shall be

1 let on the basis of competitive proposals secured from
 2 responsible proposers. The Board may require that vendors be
 3 prequalified. All contracts shall provide for a contingent
 4 fee based on the age, nature, amount and type of delinquent
 5 account. The Board may adopt a reasonable classification
 6 schedule for the various receivables. The contractor shall
 7 remit the amount collected, net of the contingent fee, to the
 8 respective State agency which shall deposit the net amount
 9 received into the fund that would have received the receipt
 10 had it been collected by the State agency. No portion of the
 11 collections shall be deposited into an Accounts Receivable
 12 Fund established under Section 6 of this Act. The Board
 13 shall act only upon the unanimous vote of its members.

14 This Section is repealed 30 days after the effective date
 15 of this amendatory Act of the 93rd General Assembly. On that
 16 date, all records and files of the Board shall be turned over
 17 to the Debt Collection Unit. Also on that date, a status
 18 report shall be made by the Board to the Debt Collection
 19 Unit.

20 (Source: P.A. 89-511, eff. 1-1-97.)

21 (30 ILCS 210/10 new)

22 Sec. 10. Debt Collection Unit of the Department of
 23 Revenue.

24 (a) The Department of Revenue shall establish and
 25 maintain a division to be known as the Debt Collection Unit
 26 ("Unit"). The purpose of the Unit shall be the collection of
 27 debts more than 90 days overdue to the State. All debts more
 28 than 90 days overdue shall be referred to the Unit. The Unit
 29 shall use the Comptroller's offset system, then shall
 30 undertake debt collection activity in-house, then shall use
 31 the Comptroller's offset system again. If, at that time, the
 32 debt still has not been collected, the Unit may, along with
 33 continuing the offset process, contract with a person, group,

1 or agency specializing in debt collection. The contract with
2 the debt collector shall specify that the collector's fee
3 shall be on a contingency basis; however, the contract shall
4 also provide that the debt collectors shall not collect the
5 contingency fee if the offset system collects the debt. The
6 Department of Revenue shall adopt rules for the
7 administration and procedures of the Unit. The rules shall be
8 adopted under the Department's emergency rulemaking authority
9 within 30 days after the effective date of this amendatory
10 Act of the 93rd General Assembly due to the budget crisis
11 threatening the public interest.

12 (b) The Department of Revenue shall adopt rules for the
13 certification of debt collection specialists to be employed
14 by the Unit.

15 (c) The Department of Revenue shall adopt rules for
16 determining when a debt owed to a State agency is
17 uncollectible. The rules shall be used by State agencies
18 other than universities beginning July 1, 2004 and may be
19 used by universities beginning July 1, 2004. The Department
20 of Revenue is exempt from those rules with regard to debts
21 the confidentiality of which the Department of Revenue is
22 required by law to maintain. The Department of Revenue may
23 contract with private collection entities to pursue the
24 collection of a debt determined to be uncollectable.

25 (d) Beginning July 1, 2004, a State agency other than a
26 university shall turn over, and a university may turn over,
27 to the Unit for collection any debt that is more than 90 days
28 overdue to the State. The Department of Revenue is exempt
29 from turning over to the Unit any debt the confidentiality of
30 which the Department of Revenue is required by law to
31 maintain. When turning over a debt, the State agency shall
32 also turn over all documents and records relating to the
33 debt. In collecting a debt, the Unit may exercise the same
34 rights and powers with regard to debt collection possessed by

1 the State agency that turned over the debt to the Unit. The
2 Department of Public Aid is exempt from the requirements of
3 this subsection with regard to child support debts, the
4 collection of which is governed by the requirements of Title
5 IV, Part D of the federal Social Security Act. The
6 Department of Public Aid may refer child support debts more
7 than 90 days overdue to the State to the Unit. In the event
8 a child support debt is referred to the Unit, the Unit must
9 use any appropriate means for collection of the debt that are
10 normally available to the Unit under State law. The debt,
11 however, remains an obligation owed under the Department of
12 Public Aid's Child Support Enforcement Program subject to the
13 requirements of Title IV, Part D of the federal Social
14 Security Act, including the continued use of federally
15 mandated enforcement remedies and techniques by the
16 Department of Public Aid.

17 (e) The Debt Collection Fund is created as a special
18 fund in the State treasury. If private debt collectors are
19 contractors under this Act they shall receive a contingency
20 fee as provided in the contracts they executed; then 5% of
21 the amount collected on each debt by the Unit or 5% of the
22 balance after fees are deducted for private debt collectors
23 shall be deposited into the Debt Collection Fund. All
24 remaining amounts collected shall be deposited into the
25 appropriate State fund or funds, if any, to which the debt
26 was owed. To the extent there is no identifiable fund or
27 funds, that amount shall be deposited into the General
28 Revenue Fund. Moneys in the Debt Collection Fund shall be
29 appropriated only for the administrative costs of the Unit.
30 On the last day of each fiscal year, unappropriated moneys
31 and moneys otherwise deemed unneeded for the next fiscal year
32 remaining in the Debt Collection Fund may be transferred into
33 the General Revenue Fund at the Governor's reasonable
34 discretion. The provisions of this subsection do not apply to

1 any child support debt referred to the Unit by the Department
2 of Public Aid under this Section or Section 5. Collections
3 resulting from the referrals must be distributed and
4 disbursed at the direction of the Department of Public Aid in
5 accordance with the requirements of Title IV, Part D of the
6 federal Social Security Act, applicable provisions of State
7 law, and the rules of the Department of Public Aid.

8 (f) The Attorney General and State Comptroller shall
9 assist in the debt collection efforts of the Unit as
10 requested by the Unit.

11 (g) The Director of Revenue shall report semi-annually
12 to the General Assembly and State Comptroller upon the debt
13 collection efforts of the Unit. Each report shall include an
14 analysis of the overdue debts owed to the State.

15 Section 99. Effective date. This Act takes effect upon
16 becoming law."